Item No. 491241

R. J. REYNOLDS TOBACCO COMPANY
NON-SELF-SERVICE PACK OUTLET MERCHANDISING PROGRAM BASE CONTRACT

R. J. Reynolds Tobacco Company ("RJR") is pleased to announce a Cigarette Merchandising Program effective January 1, 1994, for retail accounts that display all cigarettes in a non-self-service position that meet the following criteria:

- 51% or more total industry volume sold by the pack
- 76+ cartons sold per week
- Distribution of all RJR brands in all price tiers as required.

Retailers not meeting the above requirements should discuss alternatives with an RJR Representative.

PROGRAM ELEMENTS:

- RJR Full Price pack display in prime position.
- RJR Savings Brand pack display(s) and auxiliary price signage no less than equal position to other Savings Brand displays and signs.
- RJR designated enhanced presence/signage.

PAYMENT AS FOLLOWS:

COMPONENTS	MONTHLY PAYMENT CALCULATION				
	A	B	C	D	E
	76 - 99	100 - 149	150 - 199	200 - 249	250+
Full Price Display/Savings Display(s)/Signage					
BASE PARTICIPATION	$38	$55	$70	$80	$90

- Base Participation is achieved when all components are accepted and maintained by Retailer.

Cigarette volume will be determined by the average total weekly sales of industry brands during the most recent three-month period.

COMPONENT REQUIREMENTS:

FULL PRICE DISPLAY

- Full Price Display must be located in primary position as determined by an RJR Representative.

SAVINGS DISPLAY

- Selected display(s) must be adequate in size to display and promote ALL RJR Savings Brands. Savings display(s) selected must merchandise no less than 24 pack facings of product.
- Multiple displays/locations may be used to adequately merchandise RJR Savings Brands, as approved by an RJR Representative.
- Auxiliary RJR Savings Brand price signage.

DESIGNATED ENHANCED SIGNAGE

- Enhanced signage in equal position and size to other tobacco companies on location as approved by an RJR Representative.

SPECIFIC REQUIREMENTS:

- All cigarettes displayed remain in non-self-service position.
- Retailer agrees to provide RJR accurate and current velocity information, to include total RJR volume per week, and total industry volume per week.
- Display size will be determined by an RJR Representative.
- Advertising associated with RJR brands displayed will be affixed to, or above each display, as approved by an RJR Representative.
- Retailer will not permit advertising of any kind, including that relating to retailer's own products, to be affixed to RJR displays.
- Retailer agrees to maintain adequate display of designated cigarette brands on display at all times.
- Retailer agrees to maintain RJR displays and signage in an unobstructed manner, in the location agreed upon by RJR Representative. Changes in location of displays, or effectiveness of display location will terminate this agreement.
- Retailer will provide RJR equal opportunity with its competitors, to place temporary displays and temporary price/promotion signage as requested by an RJR Representative.
- Retailer further agrees that restricting RJR's ability to display, promote or distribute RJR brands, or the ability to compete equally with other tobacco companies in all areas at retail, will result in termination of this contract.
- Retailer will permit RJR to make reasonable audits of performance and to inspect and rotate RJR products.
- RJR reserves the right to modify or terminate this contract after notice to retailer. In the event of failure of performance by the retailer, this contract may be terminated by RJR forthwith and without notice.

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